



FEDERAL RESERVE SYSTEM

Agency Information Collection Activities: Announcement of Board

Approval Under Delegated Authority and Submission to OMB

AGENCY: Board of Governors of the Federal Reserve System

SUMMARY: Notice is hereby given of the final approval of a proposed information collection by the Board of Governors of the Federal Reserve System (Board) under OMB delegated authority, pursuant to 5 CFR 1320.16 (OMB Regulations on Controlling Paperwork Burdens on the Public).

Board-approved collections of information are incorporated into the official OMB inventory of currently approved collections of information. Copies of the Paperwork Reduction Act Submission, supporting statement and approved collection of information instrument(s) are placed into OMB's public docket files. The Federal Reserve may not conduct or sponsor, and the respondent is not required to respond to, an information collection that has been extended, revised, or implemented on or after October 1, 1995, unless it displays a currently valid OMB control number.

FOR FURTHER INFORMATION CONTACT:

Federal Reserve Board Clearance Officer —Cynthia Ayouch-- Office of the Chief Data Officer, Board of Governors of the Federal Reserve System, Washington, DC 20551 (202) 452-3829. Telecommunications

Device for the Deaf (TDD) users may contact (202) 263-4869, Board of Governors of the Federal Reserve System, Washington, DC 20551.

OMB Desk Officer—Shagufta Ahmed --Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 10235, 725 17th Street, NW., Washington, DC 20503.

Final approval under OMB delegated authority to revise the following report:

Report title: Capital Assessments and Stress Testing information collection.

Agency form number: FR Y-14A/Q/M.

OMB Control number: 7100–0341.

Effective Dates: FR Y-14Q, March 31, 2014; FR Y-14M June 30, 2014.

Frequency: Annually, semi-annually, quarterly, and monthly.

Reporters: Large banking organizations that meet an annual threshold of \$50 billion or more in total consolidated assets (large Bank Holding Companies or large BHCs), as defined by the Capital Plan rule (12 CFR 225.8).¹

Estimated annual reporting hours: Summary, 61,680 hours; Macro scenario, 1,860 hours; Counterparty credit risk (CCR), 2,520 hours; Basel III/Dodd-Frank, 660 hours; and Regulatory capital, 600 hours. FR Y–14Q: Securities risk, 1,200 hours; Retail risk, 1,920 hours; Pre-provision net

¹ The Capital Plan rule applies to every top-tier large BHC. This asset threshold is consistent with the threshold established by section 165 of the Dodd-Frank Act relating to enhanced supervision and prudential standards for certain BHCs.

revenue (PPNR), 85,320 hours; Wholesale corporate loans, 6,720 hours; Wholesale commercial real estate (CRE) loans, 6,480 hours; Trading risk, 46,224 hours; Basel III/Dodd-Frank, 2,640 hours; Regulatory capital, 4,800 hours; Operational risk, 3,360 hours; Mortgage Servicing Rights (MSR) Valuation, 864 hours; Supplemental, 960 hours; and Retail Fair Value Option/Held for Sale (Retail FVO/HFS), 1,216 hours. FR Y–14M: Retail 1st lien mortgage, 153,000 hours; Retail home equity, 146,880 hours; and Retail credit card, 91,800 hours. FR Y–14 On-Going Automation for existing respondents: 9,120 hours.

Estimated average hours per response: FR Y–14A: Summary, 1,028 hours; Macro scenario, 31 hours; CCR, 420 hours; Basel III/Dodd-Frank, 22 hours; and Regulatory capital, 20 hours. FR Y–14Q: Securities risk, 10 hours; Retail risk, 16 hours; PPNR, 711 hours; Wholesale corporate loans, 60 hours; Wholesale CRE loans, 60 hours; Trading risk, 1,926 hours; Basel III/Dodd-Frank, 22 hours; Regulatory capital, 40 hours; Operational risk, 28 hours, MSR Valuation, 24 hours; Supplemental, 8 hours; and Retail FVO/HFS, 16 hours. FR Y–14M: Retail 1st lien mortgage, 510 hours; Retail home equity, 510 hours; and Retail credit card, 510 hours. FR Y–14, On-going revisions for existing respondents, 480 hours.

Number of respondents: 30.

General description of report: The FR Y-14 series of reports are authorized by section 165 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act), which requires the Federal Reserve to ensure that certain BHCs and nonbank financial companies supervised by the Federal Reserve are subject to enhanced risk based and leverage standards in order to mitigate risks to the financial stability of the United States (12 U.S.C. 5365). Additionally, section 5 of the BHC Act authorizes the Board to issue regulations and conduct information collections with regard to the supervision of BHCs (12 U.S.C. § 1844).

As these data are collected as part of the supervisory process, they are subject to confidential treatment under exemption 8 of the Freedom of Information Act (FOIA) (5 U.S.C. § 552(b)(8)). In addition, commercial and financial information contained in these information collections may be exempt from disclosure under exemption 4 of FOIA (5 U.S.C. § 552(b)(4)). Such exemptions would be made on a case-by-case basis.

Abstract: The data collected through the FR Y-14A/Q/M schedules provide the Federal Reserve with the additional information and perspective needed to help ensure that large BHCs have strong, firm-wide risk measurement and

management processes supporting their internal assessments of capital adequacy and that their capital resources are sufficient given their business focus, activities, and resulting risk exposures. The annual Comprehensive Capital Analysis and Review (CCAR) exercise is also complemented by other Federal Reserve supervisory efforts aimed at enhancing the continued viability of large BHCs, including continuous monitoring of BHCs' planning and management of liquidity and funding resources and regular assessments of credit, market and operational risks, and associated risk management practices. Information gathered in this data collection is also used in the supervision and regulation of these financial institutions. In order to fully evaluate the data submissions, the Federal Reserve may conduct follow up discussions with or request responses to follow up questions from respondents, as needed.

The semi-annual FR Y-14A collects large BHCs' quantitative projections of balance sheet, income, losses, and capital across a range of macroeconomic scenarios and qualitative information on methodologies used to develop internal projections of capital across scenarios.² The quarterly FR Y-14Q collects granular data on BHCs' various asset classes and PPNR for the reporting period. The monthly FR Y-14M comprises three loan- and portfolio-level collections, and one detailed address matching

² BHCs that must re-submit their capital plan generally also must provide a revised FR Y-14A in connection with their resubmission.

collection to supplement two of the portfolio and loan-level collections. The FR Y-14Q and the FR Y-14M are used to support supervisory stress test models and for continuous monitoring efforts.

Current Actions: On September 30, 2013, the Federal Reserve published a final *Federal Register* notice (78 FR 59934) implementing numerous changes to the FR Y-14A/Q/M and extending the public comment period by 60 days regarding credit score data currently reported on the FR Y-14M and FR Y-14Q. The comment period expired on November 29, 2013. The Federal Reserve did not receive any comments or feedback on this notice.

Overview of Final Revisions

In June 2013, the Federal Reserve proposed numerous changes to the FR Y-14A/Q/M, mostly related to the revised capital framework. During the initial public comment period, several commenters noted that the instructions to several schedules specifically reference Fair Isaac Corporation (FICO) scores, which could be considered an endorsement of FICO and its products. These commenters further suggested that respondents should be given the option to report credit scores other than the FICO score.

While the Federal Reserve finalized most of the revisions in September 2013, the Federal Reserve extended the public comment period to address industry concerns regarding credit score-related data items. In

addition, the Federal Reserve removed the FICO score reporting requirement from the FR Y-14Q/M, effective December 31, 2013 and October 31, 2013, respectively. As an interim solution, respondents were given an option to continue reporting credit score segments and data items as in prior submissions, or to submit alternative “industry standard” credit scores. Supporting documentation was required for alternative scores, including both the vendor and version of the score for all FR Y-14M schedules and, for the FR Y-14M Credit Card schedule, detailed methodology used to map internal scores to “industry standard” scores, if applicable.

As mentioned above the Federal Reserve did not receive any comments on the latest *Federal Register* notice. The Federal Reserve is revising the FR Y-14Q/M for credit-score related data items or segments in a manner substantively similar to the interim solution, effective with the March 31, 2014, and June 30, 2014, as of dates respectively. In general, for credit score-related data items or segments, respondents will be required to submit a commercially available credit bureau score. The FR Y-14Q/M instructions will be updated to clearly define that a commercially available credit bureau score must: 1) be available to all commercial lenders and 2) provide the Federal Reserve with sufficient information regarding the credit score vendor to (a) determine whether the credit score is empirically derived and demonstrably sound, and (b) evaluate the performance of the credit

score and compare that performance to other commercially available credit bureau scores. The specific requirements regarding these revisions are discussed in detail below.

FR Y-14Q

International Auto Loan, U.S. Auto Loan, International Credit Card, International Home Equity, International First Lien Mortgage, International Other Consumer, U.S. Other Consumer, International Small Business, U.S. Small Business, and Student Loan Schedules

For the International Auto Loan, U.S. Auto Loan, International Credit Card, International Home Equity, International First Lien Mortgage, International Other Consumer, U.S. Consumer, International Small Business, U.S. Small Business, and Student Loan schedules, respondents will be required to segment portfolios by the credit score of the borrower at origination, in accordance with the current reporting requirements, using a commercially available credit bureau score. Segments for FICO scores will be provided in the instructions and segments for other scores will be available upon request through the respondent's Federal Reserve Bank Statistics contact. To support the supervisory modeling performed using these data, respondents will be required to submit supporting documentation detailing the type of

credit score used to segment the portfolio. This methodology is the same as used in the interim period.

FR Y-14M

Domestic First Lien Closed-end 1-4 Family Residential Loan, Domestic Home Equity Loan and Home Equity Line, and Domestic Credit Card Schedules

For data items in the Domestic First Lien Closed-end 1-4 Family Residential Loan (First Lien), Domestic Home Equity Loan and Home Equity Line (Home Equity), and Domestic Credit Card (Credit Card) schedules that currently collect Origination Credit Bureau Score and Current/Refreshed Credit Bureau Score, respondents will be required to report a commercially available credit bureau score as defined.

To support the supervisory modeling using these data, two data items will be added to the First Lien and Home Equity schedules for each Origination Credit Bureau Score and Current Credit Bureau Score item, consistent with the supporting documentation required in the interim solution instructions. Specifically, the Credit Bureau Score Vendor data items will be added to collect information on the credit bureau that produced the reported credit score from a list of credit bureaus and an “Other”

category. Also, the Credit Bureau Score Version data items will be new free form fields that will collect the version³ of the reported credit score (or, if “Other” was selected, the credit score vendor that produced the credit score and the associated version reported).

Also for the First Lien and Home Equity schedules, the Current Credit Bureau Score items, which collect refreshed credit scores, will be changed from optional to mandatory. This item will enhance the Federal Reserve’s ability to compare credit scores across time, issuing vendors, and respondents, consistent with the questions posed to the industry in the final *Federal Register*.

In addition, to support supervisory modeling, the Original and Refreshed Credit Score Name/Version items of the Credit Card schedule will be modified and split into two items: (1) Original and Refreshed Credit Bureau Score Vendor and (2) Original and Refreshed Credit Bureau Score Version items. These modified items are consistent with similar items for the First Lien and Home Equity schedules and with supporting documentation required in the interim solution instructions.

Finally, because proprietary scores are used more often for credit cards, two items regarding internal credit scores will be added to the Credit Card schedule for both the origination and refreshed credit score items,

³ Credit bureaus update the methodology used to generate credit scores. Version refers to which methodology was used to generate the reported credit score.

consistent with the interim solution: (1) an Internal Refreshed Credit Score Flag item that indicates if an internal score was mapped to a commercially available score; and (2) an Internal Refreshed Credit Score Value item that collects the internal score value used to map to the commercially available score.

Board of Governors of the Federal Reserve System, March 18, 2014.

Robert deV. Frierson

Secretary of the Board.

Billing Code 6210-01-P

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